

## Message Text

CONFIDENTIAL

PAGE 01 CAIRO 00973 181500Z  
ACTION NEA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 NEAE-00 SSO-00 NSCE-00  
USIE-00 INRE-00 CIAE-00 DODE-00 PM-04 H-01 INR-07  
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 AID-05  
COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03 CIEP-01  
LAB-04 SIL-01 OMB-01 /096 W  
-----181535Z 080243 /44

O R 181235Z JAN 77  
FM AMEMBASSY CAIRO  
TO SECSTATE WASHDC IMMEDIATE 731  
INFO AMEMBSSY ABU DHABI  
AMEMBASSY BONN  
AMEMBASSY DAMASCUS  
AMEMBASSY JIDDA  
AMEMBASSY KUWAIT  
AMEMBASSY LONDON  
AMEMBASSY TEHRAN  
AMEMBASSY TOKYO

C O N F I D E N T I A L CAIRO 0973

E.O. 11652: GDS  
TAGS: EFIN, EGEN, EG  
SUBJ: STATE BUDGET FOR 1977 -- A BITTER PILL IS SWALLOWED

REF: (A) CAIRO 871, NOTAL (B) ALEXANDRIA 055 NOTAL

1. DRAFT 1977 BUDGET, PRESENTED TO PEOPLES ASSEMBLY ON  
JANUARY 17, IS MAJOR NEWS ITEM IN ALL MEDIA. WHILE BUDGET  
COVERS FULL RANGE OF GOE ACTIVITIES, PRIMARY ATTENTION-  
GETTERS ARE MEASURES DESIGNED TO DEAL WITH GROWING ECONOMIC  
PROBLEMS: CUTS IN SEVERAL SUBSIDIES, INCREASES IN DUTIES  
AND TAXES ON VARIOUS CONSUMER GOODS. BOTH DEP PM KAYSOUNI  
AND MINFIN HAMID (LATTER MADE DETAILED PRESENTATION TO BE  
COVERED IN SEPTTEL) STRESSED TO ASSEMBLY NECESSITY OF TAKING  
DIFFICULT STEPS NOW, SINCE DELAY WILL MAKE SITUATION WORSE  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CAIRO 00973 181500Z

AND LESS AMENABLE TO CORRECTION.

2. IMPACT OF BUDGET WILL BE INCREASES FOR MANY  
COMMODITIES AND WILL EVIDENTLY AFFECT UNRATIONED SUGAR  
AND TEA, MEAT, ETC. A NUMBER OF PRICES HAVE IN FACT ALREADY  
BEEN RAISED AS RESULT OF MINISTERIAL DECREES, PETROL AND  
BUTAGAS FOR EXAMPLE, AND WE ARE ADVISED THAT OTHERS MAY

ALSO MOVE UPWARD IN NEAR FUTURE AND ON SOME BASIS.

3. BUDGET IS RELATIVELY HARSH AND DIRECT, IN CONTRAST TO SUGAR-COATED VERSION THAT HAS COME OUT IN EARLIER YEARS, AND MAKES LITTLE ATTEMPT TO CONCEAL WHAT GOE IS ABOUT. (CERTAIN AMOUNT OF NUMBER JUGGLING AND SLEIGHT OF HAND STATISTICAL SMEARING IS EVIDENT IN NUMBERS PRESENTED IN PRESS AS MIGHT BE EXPECTED, BUT IS NOT OF CRITICAL IMPORTANCE IN OVERALL CONTEXT). PROVISIONS ARE MADE FOR INCREASES IN SALARIES AND COL ALLOWANCES, BUT THESE ARE NOT ATTRACTING AS MUCH ATTENTION AS THE STEPS THEY ARE DESIGNED TO OFFSET.

4. COMMENT. OUR PRELIMINARY ESTIMATE IS THAT BUDGET WHICH IS FAR MORE REALISTIC AND COURAGEOUS THAN ANY OF ITS PREDECESSORS, IS A SERIOUS ATTEMPT BY GOE TO FACE UP TO ITS PROBLEMS.. IT HAS APPROVAL OF CABINET, AND THEREFORE PM AND PRESIDENT, AND APPEARS TO REPRESENT A MAJOR EFFORT BY KAYSOUNI AND HIS TEAM TO PUT THE ECONOMY ON PROPER PATH. IT ALSO REPRESENTS A VERY UNPOPULAR STEP (REPORTS OF DEMONSTRATIONS OPPOSING MEASURE IN CAIRO AND ALEXANDRIA ALREADY COMING IN, REF B) AND MAY PROVE DIFFICULT TO SELL, PARTICULARLY SINCE THERE HAS NOT BEEN VERY MUCH DONE TO PREPARE THE POPULACE FOR THE COLD DOUCHE OF AUSTERITY.  
MATTHEWS

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BUDGETS, ECONOMIC CONDITIONS, ECONOMIC PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 18-Jan-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977CAIRO00973  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770018-0707  
**Format:** TEL  
**From:** CAIRO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770143/aaaablft.tel  
**Line Count:** 88  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 698347d5-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION NEA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 CAIRO 871, 77 ALEXANDRIA 55  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 24-Jan-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3575673  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** STATE BUDGET FOR 1977 -- A BITTER PILL IS SWALLOWED  
**TAGS:** EFIN, EGEN, EG  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/698347d5-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009